

Memorandum

TO: SENIOR STAFF

FROM: Debra Figone

SUBJECT: SEE BELOW

DATE: 04-24-09

**SUBJECT: AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 –
GUIDANCE TO DEPARTMENTS**

In light of the complexity and visibility of the federal ARRA and associated funding programs, this memorandum provides guidance to City departments involved in the identification, delivery, and administration of initiatives using ARRA funds. This memo is being transmitted electronically.

Background

On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act (ARRA) to stimulate the faltering economy and specifically to create or save 3.5 million jobs over the next two years. This large and complex \$787 billion stimulus package provides \$288 billion in tax relief, \$144 billion in state and local fiscal relief, and \$355 billion for federal social and spending programs. Implementation of this package must be carried out by a myriad of Federal, State and local government entities on an extremely accelerated timetable. The distribution of funding involves new grant and loan programs in addition to existing funding mechanisms and the expenditure of funds carries with it unprecedented expectations regarding transparency and accountability.

The City anticipates receiving a substantial amount of funding through formula allocation grants and is also looking to apply for discretionary grants. This funding will not only provide much needed funding to improve the City's infrastructure but also create jobs in this challenging economic environment. An information memo (attached) on the ARRA, which included possible funding sources, potential San Jose projects and staff contacts for each funding program, was sent to Council on March 13, 2009.

As we are aware by now, the funding comes with very strict guidelines on the use of the money as well on maximizing transparency and accountability and minimizing waste, fraud and abuse of public funds. An updated guidance document from the Office of Management and Budget was issued on April 3, 2009 and is available on the Federal ARRA website www.recovery.gov. In order to assist staff with the grant process and to ensure that the City is moving forward with the

ARRA effort in a way that complies with the requirements and does so in a coordinated and streamlined manner, guidance on the following is provided in this memorandum:

- | | | |
|----------------------|----------------------------|-----------------------------------|
| 1. Registration | 4. Budgeting | 7. Reporting |
| 2. Approval Process | 5. Project Implementation | 8. Interdepartmental Coordination |
| 3. Grant Application | 6. Tracking and Accounting | 9. Auditing |

1. Registration

The federal government uses a central website for all discretionary grant applications, known as FedConnect. Although the City of San Jose does have an active account with FedConnect, City staff who have not submitted grant applications in the past will need to register as representatives of the City of San Jose in order to submit grant applications for ARRA funds. To register, staff should contact Julia Weng of the Finance Department at 535-7032 or email to jweng@sanjoseca.gov. Julia is the administrator for the City's FedConnect account and can help with the registration process. A quick start guide designed for new users is also available at https://www.fedconnect.net/Fedconnect/PublicPages/FedConnect_Ready_Set_Go.pdf

Several ARRA-related publications indicate Cities must also request a Data Universal Numbering System (DUNS) number and register with the Central Contractor Registry (CCR) in order to submit grant applications. The City of San Jose already has an active DUNS number. Please reference DUNS# 063541874 when submitting your grant applications, as this number will be used to track all ARRA grants that are awarded directly to the City of San Jose. In addition, the City is already registered with the CCR, so no further action is required by staff regarding this step.

2. Approvals Required

City Manager approval is required for all grant applications. All grant applications shall be routed to Deputy City Manager Ed Shikada for review and City Manager approval. Council approval may also be required at time of application and/or at time of grant award depending on Federal Agency requirements, dollar thresholds and types of projects. Per Resolution No. 74414, any items seeking authority to apply for a grant are exempt from sunshine requirements but will still have to comply with the Brown Act.

Council approval will be needed at time of application if any one of the following applies:

1. Funding Entity requires a resolution by the legislative body
2. Matching funds are required in an amount that exceeds the City Manager's contract authority as defined in the Muni Code, Chapter 4, Section 4.04
3. Council consideration and direction is needed on types of projects being proposed

Council approval will be needed at time of grant award if any one of the following applies:

1. Appropriation action is needed
2. Grant amount exceeds the City Manager's contract authority as defined in the Muni Code, Chapter 4, Section 4.04

3. **Grant Application**

Prior to submitting a grant application, Department staff must complete the attached "ARRA Project Proposal Summary," either as a stand alone document or as a guide for the memo, and submit to Ed Shikada in the City Manager's Office. This information will be used to ensure that projects being submitted meet the intent of the ARRA and also align with the City's priorities. In order to facilitate resource sharing and coordination, Departments are directed to post or link all grant applications, project proposal summaries and memos on the SharePoint intranet site.

The SharePoint Intranet site has been created to facilitate the sharing of information, resources, and strategy coordination relative to the ARRA. Separate folders and tracking matrices have been created to track progress related to each of the major funding programs—Aviation, Energy, IT, Housing & Economic Development, Public Safety, Transportation, Water and Tax Provisions. Users have the ability to view all site content and documents related to our efforts. The site will be updated regularly to reflect current information regarding ARRA, such as implementation guidance documents. Access to the site can be requested by contacting Allen Fong at 535-8146.

4. **Budgeting**

A new fund, the American Recovery and Reinvestment Act Fund (Fund 299), will be established to ensure transparency of ARRA funds spending. Separate revenue and expenditure appropriations shall be set up in order to accurately track the use of ARRA funds. All projects, both with single and multiple funding sources, shall be set up with a unique Financial Management System (FMS) ID to capture all of the funding source and expenditure information for a particular project. Owner and Implementation department analysts shall work with Finance and Budget Office staff to establish the appropriations prior to the grant acceptance and City Council appropriation of funds.

Revenue appropriations will be set up in three categories: Federal, State, and Regional/Other. A separate expenditure appropriation will be set up for every project that receives ARRA funding.

Project leads will also need to work closely with the Finance and Budget Office staff to plan the timing and cash flow requirements for project funding prior to the grant acceptance. For ARRA reimbursements, timely invoicing of expenditures will be critical to ensure sufficient cash flow within funds.

Although not all of the guidance documents have been issued, preliminary indications are that a varying percentage or amount of funds can be used for administrative costs. These

would include all costs indirectly associated with the project such as Finance, City Auditor, City Attorney, Information Technology and City Manager's Office. It is important to note that these are not program specific costs and will be included in the City's citywide overhead allocation plan in accordance with the allowable maximums per program.

5. Project Implementation

Prior to receipt of funding, the City must certify that infrastructure investments have received the full review and vetting required by law and accept responsibility that the investment is an appropriate use of taxpayer dollars. The certification must be posted on the City's website, and it appears it must be made by the Mayor. The certification shall include a description of the investment, the estimated total cost, and the amount of funds to be used. Federal agencies may have additional certification requirements.

Projects may be implemented by single or multiple City departments. In order to ensure clear accountability, staff leads will be designated by the lead departments for the delivery of all capital and non-capital projects. The staff leads shall be responsible for:

- a. On-time and on-budget delivery of project.
- b. Co-ordination with other departments as needed to successfully execute project.
- c. Timely FMS and Capital Project Management System (CPMS) database input to support quarterly reporting as required by ARRA.
- d. Compliance with all other grant requirements such as obtaining the necessary environmental clearance and ensuring appropriate use of the money as stipulated by the program.

6. Tracking and Monitoring

At this time, it is anticipated that the existing Capital Project Management System (CPMS), with some modifications, and in conjunction with FMS, will function as the reporting system for ARRA capital and operating projects. Capital projects funded by ARRA will be linked to the existing CPMS database so as to eliminate duplicate data entry. Training for users new to the CPMS shall be provided by Public Works and City Manager's Office staff.

7. Reporting

ARRA requires all recipients to report out on projects on a quarterly basis, within 10 calendar days of every calendar quarter. Reports will be posted on the City's website and the data will also be provided to the relevant funding entities. Recipient reporting will commence on October 10, 2009, with detailed guidance made available 45 days prior to that date.

A link on the use of the ARRA funds in San Jose will be available on the City of San Jose website by the end of April 2009. In order to expedite and streamline the reporting process the following steps will need to be followed:

Step 1:

All data fields shall be updated and all expenditures for the quarter shall be posted prior to the last working day of the last month in that quarter

Step 2:

A Status 2 FMS report will be run 2 days after the close of the quarter

Step 3:

A CPMS report will be run 4 days after the close of the quarter

Step 4:

Report will be submitted to Regional, State and Federal Agencies as needed

Step 5:

Report will be posted on City website within 10 days of the close of the quarter

8. **Interdepartmental Coordination**

An ARRA Coordination Team, comprised of program leads from various City departments will work to ensure proper ARRA funding and implementation coordination between City departments. The ARRA Team will meet on a monthly basis, with the City Manager's Office taking the lead to organize and schedule the meetings. In addition, relevant updates to ARRA funding and implementation progress will be shared with Senior Staff during regularly scheduled Issues Working Group meetings.

Program Leads will utilize the SharePoint Intranet site to share updated ARRA information related to their respective programs and to collaborate with other departments on joint applications. A list of staff contacts and program leads for a variety of funding programs is attached for your reference.

9. **Auditing**

ARRA funding will be subject to single audit requirements at the completion of each fiscal year. Because of heightened scrutiny, the City Auditor's Office will be auditing for compliance with ARRA provisions on an on-going basis. If you have any questions about potential audit requirements, please contact Sharon Erickson, Ruth Merino or Joe Rois at 535-1250. The City Auditor's Office will be meeting regularly with the Budget Office, Finance, and the City Manager's Office to discuss appropriate compliance with ARRA.

SENIOR STAFF

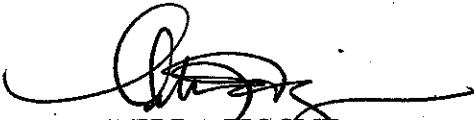
04/24/09

Subject: ARRA 2009 – Guidance to Departments

Page # 6

All guidance documents, templates and other relevant documents related to the ARRA will continue to be stored on the SharePoint site that is currently being used for interdepartmental coordination. For assistance with any questions related to the items included in this memorandum, please contact Ashwini Kantak at (408) 535 8147. Thank you for all of your efforts in advancing these important projects forward.

This memorandum has been coordinated with the City Attorney's and City Auditor's Office.



DEBRA FIGONE
City Manager

Attachments

Cc:

Mayor and City Council

Rick Doyle, City Attorney

Sharon Erickson, City Auditor

Harry Mavrogenes, SJRA Executive Director

Lee Price, City Clerk